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| Adopted | Rejected |
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COMMITTEE REPORT

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| YES: | 20 |
| NO: | 0 |

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1546, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 3, between lines 14 and 15, begin a new paragraph and insert:
- 2 "SECTION 2. IC 5-10.2-1-8, AS AMENDED BY P.L.115-2008,
- 3 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2009]: Sec. 8. (a) ~~Except as provided in subsection (b),~~ For
- 5 a member of:
- 6 (1) the Indiana state teachers' retirement fund; or
- 7 (2) the public employees' retirement fund who retires before
- 8 January 1, 2010;
- 9 "vested status" as used in this article means the status of having ten
- 10 (10) years of creditable service.
- 11 (b) For a member of the public employees' retirement fund who
- 12 retires after December 31, 2010, "vested status" as used in this
- 13 article means the status of having at least eight (8) years of
- 14 creditable service.
- 15 ~~(b)~~ (c) In the case of a person who is an elected county official

whose governing body has provided for the county official's participation in the public employees' retirement fund under IC 5-10.3-7-2(1), "vested status" means the status of: ~~having:~~

(1) **having** at least eight (8) years of creditable service as an elected county official in an office described in IC 5-10.2-4-1.7;

(2) **having** been elected at least two (2) times if the person would have had at least eight (8) years of creditable service as an elected county official in an office described in IC 5-10.2-4-1.7 had the person's term of office not been shortened under a statute enacted under Article 6, Section 2(b) of the Constitution of the State of Indiana; or

(3) **having:**

(A) **before January 1, 2011**, at least ten (10) years of creditable service; **or**

(B) **after December 31, 2010, at least eight (8) years of creditable service;**

as a member of the fund based on a combination of service as an elected county official and as a full-time employee in a covered position.

~~(c)~~ (d) In the case of a person whose term of office commences after the election on November 5, 2002, as auditor of state, secretary of state, or treasurer of state, and who is prohibited by Article 6, Section 1 of the Constitution of the State of Indiana from serving in that office for more than eight (8) years during any period of twelve (12) years, that person shall be vested with at least eight (8) years of creditable service as a member of the fund.

~~(d)~~ (e) This subsection applies to an individual elected to the office of treasurer of state at the election on November 7, 2006. The individual is vested for purposes of this article if the individual is reelected as treasurer of state at the 2010 general election and serves in the office until January 1, 2015."

Page 6, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 4. IC 5-10.2-3-1.2, AS AMENDED BY P.L.115-2008, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.2. (a) A member who:

(1) **before January 1, 2011**, has earned at least ten (10) years of service in a position covered by PERF, TRF, or a combination of the two (2) funds; **or**

(2) after December 31, 2010, has earned:

(A) at least eight (8) years of service in a position covered by PERF; or

(B) at least ten (10) years of service in:

(i) a position covered by TRF; or

(ii) a combination of one (1) or more positions covered by PERF and one (1) or more positions covered by TRF;

may purchase one (1) year of service credit for each five (5) years of service that the member has completed in a position covered by PERF or TRF.

(b) Before a member retires, a member who desires to purchase additional service credit under subsection (a) must contribute to the fund as follows:

(1) Contributions that are equal to the product of the following:

(A) The member's salary at the time the member actually makes a contribution for the service credit.

(B) A rate, determined by the actuary for the fund, that is based on the age of the member at the time the member actually makes a contribution for the service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(C) The number of years of service credit the member intends to purchase.

(2) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(c) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for the purpose of

1 computing benefits unless the member has made all payments
2 required for the purchase of the service credit.

3 (4) To the extent permitted by the Internal Revenue Code and
4 applicable regulations, a member may purchase service credit
5 under this section by a rollover distribution to the fund from any
6 of the following:

7 (A) A qualified plan described in Section 401(a) or Section
8 403(a) of the Internal Revenue Code.

9 (B) An annuity contract or account described in Section 403(b)
10 of the Internal Revenue Code.

11 (C) An eligible plan that is maintained by a state, a political
12 subdivision of a state, or an agency or instrumentality of a state
13 or political subdivision of a state under Section 457(b) of the
14 Internal Revenue Code.

15 (D) An individual retirement account or annuity described in
16 Section 408(a) or Section 408(b) of the Internal Revenue
17 Code.

18 (d) A member who terminates employment before satisfying the
19 eligibility requirements necessary to receive a monthly benefit may
20 withdraw the purchase amount, plus accumulated interest, after
21 submitting a properly completed application for a refund to the fund.
22 However, the member must also apply for a refund of the member's
23 entire annuity savings account under section 6 or 6.5 of this chapter to
24 be eligible for a refund of the member's rollover amount.

25 (e) For a member who is a state employee, the employer may pay all
26 or a part of the member contributions required for the purchase of
27 service credit under this section. In that event, the actuary shall
28 determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and
29 (d) do not apply.

30 (f) For a member who is an employee of a participating political
31 subdivision, the employer may adopt an ordinance to pay all or a part
32 of the member contributions required for the purchase of service credit
33 under this section. In that event, the actuary shall determine the
34 amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not
35 apply.

36 SECTION 5. IC 5-10.2-4-1 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) This subsection
38 applies to:

1 (1) members of the public employees' retirement fund who retire
2 before July 1, 1995; and

3 (2) members of the Indiana state teachers' retirement fund who
4 retire before May 2, 1989.

5 A member who has reached age sixty-five (65) and has at least ten (10)
6 years of creditable service is eligible for normal retirement.

7 (b) This subsection applies to members of the Indiana state teachers'
8 retirement fund who retire after May 1, 1989, and to members of the
9 public employees' retirement fund who retire after June 30, 1995, **and**
10 **before January 1, 2011**, except as provided in section 1.7 of this
11 chapter. A member is eligible for normal retirement if:

12 (1) the member is at least sixty-five (65) years of age and has at
13 least ten (10) years of creditable service;

14 (2) the member is at least sixty (60) years of age and has at least
15 fifteen (15) years of creditable service; or

16 (3) the member's age in years plus the member's years of service
17 is at least eighty-five (85) and the member is at least fifty-five
18 (55) years of age.

19 **(c) This subsection applies to a member of the public employees'**
20 **retirement fund who retires after December 31, 2010. A member**
21 **is eligible for normal retirement if:**

22 **(1) the member is at least sixty-five (65) years of age and has**
23 **at least eight (8) years of creditable service;**

24 **(2) the member is at least sixty (60) years of age and has at**
25 **least fifteen (15) years of creditable service; or**

26 **(3) the member's age in years plus the member's years of**
27 **service is at least eighty-five (85) and the member is at least**
28 **fifty-five (55) years of age.**

29 ~~(c)~~ **(d)** A member who has reached age fifty (50) and has at least
30 fifteen (15) years of creditable service is eligible for early retirement
31 with a reduced pension.

32 ~~(d)~~ **(e)** A member who is eligible for normal or early retirement is
33 entitled to choose a retirement date on which the member's benefit
34 begins if the following conditions are met:

35 (1) The application for retirement benefits and the choice of the
36 date is filed on a form provided by the board.

37 (2) The date must be after the cessation of the member's service
38 and be the first day of a month.

(3) The retirement date is not more than six (6) months before the date the application is received by the board. However, if the board determines that a member is incompetent to file for benefits and choose a retirement date, the retirement date may be any date that is the first of the month after the time the member became incompetent.

SECTION 6. IC 5-10.2-4-1.7, AS AMENDED BY P.L.88-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.7. (a) This section applies only to members of the public employees' retirement fund who retire after June 30, 2002.

(b) A member is eligible for normal retirement after becoming sixty-five (65) years of age if the member:

(1) has:

(A) served as an elected county official in an office described in Article 6, Section 2 of the Constitution of the State of Indiana for at least eight (8) years; or

(B) been elected at least two (2) times and would have served at least eight (8) years as an elected county official in an office described in Article 6, Section 2 of the Constitution of the State of Indiana had the member's term of office not been shortened under a statute enacted under Article 6, Section 2(b) of the Constitution of the State of Indiana; and

(2) is prohibited by Article 6, Section 2 of the Constitution of the State of Indiana from serving in that office for more than eight (8) years in any period of twelve (12) years.

(c) A member who:

(1) has served as an elected county official; and

(2) does not meet the requirements of subsection (b);

is eligible for normal retirement if the member has attained vested status (as defined in ~~IC 5-10.2-1-8(b)(3)~~ **IC 5-10.2-1-8(c)(3)**) and meets the requirements of section 1 of this chapter.

SECTION 7. IC 5-10.2-4-1.9, AS ADDED BY P.L.115-2008, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.9. (a) This section applies only to a member of the public employees' retirement fund:

(1) who has served as a state officer listed in Article 6, Section 1 of the Constitution of the State of Indiana; and

(2) whose term of office as a state officer commenced after the

1 election held on November 5, 2002.

2 (b) A member is eligible for normal retirement after becoming
3 sixty-five (65) years of age if the member:

4 (1) has:

5 (A) served as a state officer listed in Article 6, Section 1 of the
6 Constitution of the State of Indiana for at least eight (8) years;
7 or

8 (B) been elected at least two (2) times and would have served
9 at least eight (8) years as a state officer listed in Article 6,
10 Section 1 of the Constitution of the State of Indiana had the
11 member's term of office not been shortened under a statute
12 enacted to establish uniform dates for beginning the terms of
13 state officers listed in Article 6, Section 1 of the Constitution
14 of the State of Indiana; and

15 (2) is prohibited by Article 6, Section 1 of the Constitution of the
16 State of Indiana from serving in that office for more than eight (8)
17 years in any period of twelve (12) years.

18 (c) A member who:

19 (1) has served as a state officer listed in Article 6, Section 1 of the
20 Constitution of the State of Indiana; and

21 (2) does not meet the requirements of subsection (b);

22 is eligible for normal retirement if the member has attained vested
23 status (as defined in ~~IC 5-10.2-1-8(a)~~ **IC 5-10.2-1-8**) and meets the
24 requirements of section 1 of this chapter."

25 Page 7, between lines 28 and 29, begin a new paragraph and insert:

26 "SECTION 9. IC 5-10.3-3-1, AS AMENDED BY P.L.62-2005,
27 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 2009]: Sec. 1. (a) The board is composed of six (6) trustees.

29 (b) Five (5) of the trustees shall be appointed by the governor, as
30 follows:

31 (1) One (1) must be a member of the fund with:

32 **(A) before January 1, 2011, at least ten (10) years of**
33 **creditable service; or**

34 **(B) after December 31, 2010, at least eight (8) years of**
35 **creditable service.**

36 (2) Not more than three (3) may be members of the same political
37 party.

38 (3) One (1) must be:

- 1 (A) a:
- 2 (i) member of the fund or retired member of the fund; or
- 3 (ii) member of a collective bargaining unit of state
- 4 employees represented by a labor organization; or
- 5 (B) an individual who is:
- 6 (i) an officer or a member of a local, a national, or an
- 7 international labor union that represents state or university
- 8 employees; and
- 9 (ii) an Indiana resident.
- 10 (c) The director of the budget agency or the director's designee is an
- 11 ex officio voting member of the board. An individual appointed under
- 12 this subsection to serve as the director's designee:
- 13 (1) is subject to the provisions of section 3 of this chapter; and
- 14 (2) serves as a permanent designee until replaced by the director.
- 15 (d) The governor shall fill by appointment vacancies on the board
- 16 in the manner described in subsection (b).
- 17 (e) In making the appointments under subsection (b)(1) or (b)(2),
- 18 the governor may consider whether at least one (1) trustee is a retired
- 19 member of the fund under subsection (b)(3)(A)(i).
- 20 SECTION 10. IC 5-10.3-6-8 IS AMENDED TO READ AS
- 21 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) As used in this
- 22 section, "withdrawing political subdivision" means a political
- 23 subdivision that takes an action described in subsection (b).
- 24 (b) Subject to the provisions of this section, a political subdivision
- 25 may do the following:
- 26 (1) Stop its participation in the fund and withdraw all of the
- 27 political subdivision's employees from participation in the fund.
- 28 (2) Withdraw a departmental, an occupational, or other definable
- 29 classification of employees from participation in the fund.
- 30 (3) Stop the political subdivision's participation in the fund by:
- 31 (A) selling all of the political subdivision's assets; or
- 32 (B) ceasing to exist as a political subdivision.
- 33 (c) The withdrawal of a political subdivision's participation in the
- 34 fund is effective on a termination date established by the board. The
- 35 termination date may not occur before all of the following have
- 36 occurred:
- 37 (1) The withdrawing political subdivision has provided written
- 38 notice of the following to the board:

- 1 (A) The withdrawing political subdivision's intent to cease
2 participation.
- 3 (B) The names of the withdrawing political subdivision's
4 current employees and former employees as of the date on
5 which the notice is provided.
- 6 (2) The expiration of:
- 7 (A) a ninety (90) day period following the filing of the notice
8 with the board, for a withdrawing political subdivision that
9 sells all of the withdrawing political subdivision's assets or that
10 ceases to exist as a political subdivision; or
- 11 (B) a two (2) year period following the filing of the notice with
12 the board, for all other withdrawing political subdivisions.
- 13 (3) The withdrawing political subdivision takes all actions
14 required in subsections (d) through (h).
- 15 (d) With respect to retired members who have creditable service
16 with the withdrawing political subdivision, the withdrawing political
17 subdivision must contribute to the fund any additional amounts that the
18 board determines are necessary to provide for reserves with sufficient
19 assets to pay all future benefits from the fund to those retired members.
20 The contribution by the withdrawing political subdivision must be
21 made in a lump sum or in a series of payments determined by the
22 board.
- 23 (e) A member who is an employee of the political subdivision as of
24 the date of the notice under subsection (c) is vested in the pension
25 portion of the member's retirement benefit. The withdrawing political
26 subdivision must contribute to the fund the amount the board
27 determines is necessary to fund fully the vested benefit. The
28 contribution by the withdrawing political subdivision must be made in
29 a lump sum or in a series of payments determined by the board.
- 30 (f) A member who is covered by subsection (e) and who is at least
31 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even
32 if the member has:
- 33 **(1) before January 1, 2011, fewer than ten (10) years of service;**
34 **or**
35 **(2) after December 31, 2010, fewer than eight (8) years of**
36 **service.**
- 37 The benefit for the member shall be computed under IC 5-10.2-4-4
38 using the member's actual years of service.

(g) With respect to members of the fund who have creditable service with the withdrawing political subdivision and who are not employees as of the date of the notice under subsection (c), the withdrawing political subdivision must contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the withdrawing political subdivision. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(h) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny a political subdivision permission to withdraw if the denial is necessary to achieve compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974.

SECTION 11. IC 5-10.3-6-8.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8.5. (a) This section only applies if:

(1) certain employees of a state university in a departmental, occupational, or other definable classification involved in health care are terminated from employment with the state university as a result of:

(A) a lease or other transfer of university property to a nongovernmental entity; or

(B) a contractual arrangement with a nongovernmental entity to perform certain state university functions;

(2) the state university requests coverage under this section from the board; and

(3) the board approves the request.

(b) The withdrawal of the employees described in subsection (a) from the fund is effective on a termination date established by the board. The board may not establish a termination date that occurs before all of the following have occurred:

(1) The state university has requested coverage under this section and provided written notice of the following to the board:

(A) The intent of the state university to terminate the employees from employment.

1 (B) The names of the terminated employees as of the date that
2 the termination is to occur.

3 (2) The expiration of a thirty (30) day period following the filing
4 of the notice with the board.

5 (3) The state university fully complies with subsection (c).

6 (c) A member who is an employee of the state university described
7 in subsection (a) as of the date of the notice under subsection (b) and
8 who is listed in the notice under subsection (b) is vested in the pension
9 portion of the member's retirement benefit. The state university must
10 contribute to the fund the amount the board determines is necessary to
11 completely fund the vested benefit. The contribution by the state
12 university must be made in a lump sum or in a series of payments
13 determined by the board.

14 (d) A member who is covered by subsection (c) and who is at least
15 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even
16 if the member has:

17 (1) **before January 1, 2011**, less than ten (10) years of service;

18 **or**

19 (2) **after December 31, 2010, less than eight (8) years of**
20 **service.**

21 The benefit for the member shall be computed under IC 5-10.2-4-4
22 using the member's actual years of creditable service.

23 (e) The board shall evaluate each withdrawal under this section to
24 determine if the withdrawal affects the fund's compliance with Section
25 401(a) of the Internal Revenue Code of 1954, as in effect on September
26 1, 1974. The board may deny an employee permission to withdraw if
27 the denial is necessary to achieve compliance with Section 401(a) of
28 the Internal Revenue Code of 1954, as in effect on September 1, 1974.

29 SECTION 12. IC 5-10.3-6-8.9, AS ADDED BY P.L.158-2006,
30 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2009]: Sec. 8.9. (a) This section applies when certain
32 employees of the state in particular departmental, occupational, or
33 other definable classifications are terminated from employment with
34 the state as a result of:

35 (1) a lease or other transfer of state property to a nongovernmental
36 entity; or

37 (2) a contractual arrangement with a nongovernmental entity to
38 perform certain state functions.

1 (b) The governor shall request coverage under this section from the
2 board whenever an employee of the state is terminated as described in
3 subsection (a).

4 (c) The board must approve a request from the governor under
5 subsection (b) unless approval violates subsection (k), federal or state
6 law, or the terms of the fund.

7 (d) As used in this section, "early retirement" means a member is
8 eligible to retire with a reduced pension under IC 5-10.2-4-1, because
9 the member:

10 (1) is at least fifty (50) years of age; and

11 (2) has at least fifteen (15) years of creditable service.

12 (e) As used in this section, "normal retirement" means a member is
13 eligible to retire under IC 5-10.2-4-1, because:

14 (1) the member is at least sixty-five (65) years of age and has:

15 (A) **before January 1, 2011**, at least ten (10) years of
16 creditable service; **or**

17 (B) **after December 31, 2010, at least eight (8) years of**
18 **creditable service.**

19 (2) the member is at least sixty (60) years of age and has at least
20 fifteen (15) years of creditable service; or

21 (3) the member's age in years plus the member's years of service
22 is at least eighty-five (85) and the member is at least fifty-five
23 (55) years of age.

24 (f) The withdrawal of the employees described in subsection (a)
25 from the fund is effective on a termination date established by the
26 board. The board may not establish a termination date that occurs
27 before all of the following have occurred:

28 (1) The governor has requested coverage under this section and
29 provided written notice of the following to the board:

30 (A) The intent of the state to terminate the employees from
31 employment.

32 (B) The names of the terminated employees as of the date that
33 the termination is to occur.

34 (2) The expiration of a thirty (30) day period following the filing
35 of the notice with the board.

36 (3) The state complies with subsections (g) and (i).

37 (g) A member who:

38 (1) is an employee of the state described in subsection (a) with at

1 least twenty-four (24) months of creditable service as of the date
2 of the notice under subsection (f); and

3 (2) is listed in the notice under subsection (f);

4 is vested in the pension portion of the member's retirement benefit. The
5 state must contribute to the fund the amount the board determines is
6 necessary to completely fund the vested benefit. The contribution by
7 the state must be made in a lump sum or in a series of payments
8 determined by the board. The benefit for the member shall be
9 computed under IC 5-10.2-4-4 using the member's actual years of
10 creditable service.

11 (h) A member who is covered by subsection (g) and who is at least
12 sixty-five (65) years of age as of the date of the notice under subsection
13 (f) may elect to retire under IC 5-10.2-4-1 even if the member has:

14 **(1) before January 1, 2011, less than ten (10) years of service;**

15 **or**

16 **(2) after December 31, 2010, less than eight (8) years of**
17 **service.**

18 The benefit for the member shall be computed under IC 5-10.2-4-4
19 using the member's actual years of creditable service.

20 (i) A member who is covered by subsection (f) and who, as of the
21 date of the notice under subsection (f), is less than twenty-four (24)
22 months from being eligible for normal or early retirement under
23 IC 5-10.2-4-1 may elect to retire by purchasing the service credit
24 needed for retirement under the following conditions:

25 (1) The state shall contribute to the fund an amount determined
26 under IC 5-10.2-3-1.2 and payable from the sources described in
27 subsection (j) sufficient to pay the member's contributions
28 required for the member's purchase of the service credit the
29 member needs to retire.

30 (2) The maximum amount of creditable service that the state may
31 purchase for a member under this subsection is twenty-four (24)
32 months.

33 (3) The benefit for the member shall be computed under
34 IC 5-10.2-4-4 using the member's actual years of creditable
35 service plus all other service for which the fund gives credit,
36 including the creditable service purchased under this subsection.

37 (j) The amounts that the state is required to contribute to the fund
38 under subsection (i) must come from the following sources:

(1) If the state receives monetary payments under the lease or contractual arrangement described in subsection (a), the proceeds of the monetary payments received by the state. The state may not require, as a condition of the transaction to transfer state property or have certain state functions performed by a nongovernmental entity, that the nongovernmental entity directly or indirectly pay the amounts that the state is required to contribute under subsection (i).

(2) If the state does not receive any monetary payments under the lease or contractual arrangement described in subsection (a), any remaining appropriations made to the state department, agency, or other entity terminating the employees described in subsection (a).

(3) If the sources described in subdivisions (1) and (2) do not fully fund the amounts that the state is required to contribute to the fund under subsection (i), the board shall request that the general assembly appropriate the amount necessary to fully fund the state's required contribution under subsection (i) in the next biennial state budget.

(k) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny an employee permission to withdraw if the denial is necessary to achieve compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974.

SECTION 13. IC 5-10.3-7-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.5. (a) As used in this section, "out-of-state service" means service in another state in a comparable position that would be creditable service if performed in Indiana.

(b) Subject to subsections (c) through (f), a member may purchase out-of-state service credit if the member meets the following requirements:

(1) The member has at least one (1) year of creditable service in the fund.

(2) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the

1 following:

2 (i) The member's salary at the time the member actually
3 makes a contribution for the service credit.

4 (ii) A rate, determined by the actuary of the fund, based on
5 the age of the member at the time the member actually
6 makes a contribution for service credit and computed to
7 result in a contribution amount that approximates the
8 actuarial present value of the benefit attributable to the
9 service credit purchased.

10 (iii) The number of years of out-of-state service the member
11 intends to purchase.

12 (B) Contributions for any accrued interest, at a rate determined
13 by the actuary for the fund, for the period from the member's
14 initial membership in the fund to the date payment is made by
15 the member.

16 (3) The member has received verification from the fund that the
17 out-of-state service is, as of that date, valid.

18 (c) Out-of-state years that qualify a member for retirement in an
19 out-of-state system or in any federal retirement system may not be
20 granted under this section.

21 (d) At least:

22 **(1) before January 1, 2011, ten (10); or**

23 **(2) after December 31, 2010, eight (8);**

24 years of service in Indiana is required before a member may receive a
25 benefit based on out-of-state service credits.

26 (e) A member who:

27 (1) terminates employment before satisfying the eligibility
28 requirements necessary to receive a monthly allowance; or

29 (2) receives a monthly allowance for the same service from
30 another tax supported public employee retirement plan other than
31 under the Social Security Act;

32 may withdraw the purchase amount plus accumulated interest after
33 submitting a properly completed application for a refund to the fund.

34 (f) The following apply to the purchase of service credit under this
35 section:

36 (1) The board may allow a member to make periodic payments of
37 the contributions required for the purchase of the service credit.

38 The board shall determine the length of the period during which

1 the payments must be made.

2 (2) The board may deny an application for the purchase of service
3 credit if the purchase would exceed the limitations under Section
4 415 of the Internal Revenue Code.

5 (3) A member may not claim the service credit for purposes of
6 determining eligibility or computing benefits unless the member
7 has made all payments required for the purchase of the service
8 credit.

9 SECTION 14. IC 5-10.3-7-4.6 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.6. (a) Subject to the
11 provisions of this section, a member may purchase service credit for
12 the member's prior service in a position covered by the 1925 police
13 pension fund under IC 36-8-6, the 1937 firefighters' pension fund under
14 IC 36-8-7, or the 1953 police pension fund under IC 36-8-7.5 if the
15 member meets the following requirements:

16 (1) The member has at least one (1) year of credited service in the
17 fund.

18 (2) The member has not attained vested status in and is not an
19 active member of the 1925 police pension fund, the 1937
20 firefighters' pension fund, or the 1953 police pension fund.

21 (3) Before the member retires, the member makes contributions
22 to the fund as follows:

23 (A) Contributions that are equal to the product of the
24 following:

25 (i) The member's salary at the time the member actually
26 makes a contribution for the service credit.

27 (ii) A rate, determined by the actuary of the fund, based on
28 the age of the member at the time the member actually
29 makes a contribution for service credit and computed to
30 result in a contribution amount that approximates the
31 actuarial present value of the benefit attributable to the
32 service credit purchased.

33 (iii) The number of years of service credit the member
34 intends to purchase.

35 (B) Contributions for any accrued interest, at a rate determined
36 by the actuary for the fund, for the period from the member's
37 initial membership in the fund to the date payment is made by
38 the member.

(4) The member has received verification from the fund that the service in the 1925 police pension fund, the 1937 firefighters' pension fund, or the 1953 police pension fund is, as of that date, valid.

(b) At least:

(1) before January 1, 2011, ten (10); or

(2) after December 31, 2010, eight (8);

years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section.

(c) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(d) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 15. IC 5-10.3-7-4.8, AS ADDED BY P.L.148-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.8. (a) As used in this section, "state quasi-governmental entity service" means service in Indiana that would be considered creditable service if performed by an employee of a member of the fund by an individual who:

(1) provided the service as an employee of a body corporate and politic, nonprofit corporation established by the state, or other

- 1 quasi-governmental entity that performed a state governmental
- 2 function; and
- 3 (2) was not a member of the fund under section 1 of this chapter
- 4 during the period of employment.
- 5 (b) A member may purchase state quasi-governmental entity service
- 6 credit subject to the following:
- 7 (1) The member must have at least one (1) year of credited
- 8 service in the fund.
- 9 (2) The member must have at least:
- 10 **(A) before January 1, 2011, ten (10); or**
- 11 **(B) after December 31, 2010, eight (8);**
- 12 years of in-state credited service before the member may claim the
- 13 service credit.
- 14 (3) Before the member retires, the member must make
- 15 contributions to the fund:
- 16 (A) that are equal to the product of:
- 17 (i) the member's salary at the time the member actually
- 18 makes a contribution for the service credit;
- 19 (ii) a percentage rate, as determined by the actuary of the
- 20 fund, based on the age of the member at the time the
- 21 member makes a contribution for service credit and
- 22 computed to result in a contribution amount that
- 23 approximates the actuarial present value of the benefit
- 24 attributable to the service credit purchased; and
- 25 (iii) the number of years of state quasi-governmental entity
- 26 service the member intends to purchase; and
- 27 (B) for any accrued interest, at a rate determined by the
- 28 actuary of the fund, for the period from the member's initial
- 29 membership in the fund to the date payment is made by the
- 30 member.
- 31 (4) The member must provide verification of the service with the
- 32 state quasi-governmental entity in a manner prescribed by the
- 33 fund.
- 34 (c) State quasi-governmental entity service that qualifies a member
- 35 for retirement in a private retirement system or a federal retirement
- 36 system may not be granted under this section.
- 37 (d) A member who:
- 38 (1) terminates employment before satisfying the eligibility

1 requirements necessary to receive a monthly allowance; or

2 (2) receives a monthly allowance for the same service from
3 another tax supported public employee retirement plan other than
4 under the federal Social Security Act;

5 may withdraw the personal contributions made under the contributory
6 plan plus accumulated interest after submitting to the fund a properly
7 completed application for a refund.

8 (e) The following apply to the purchase of service credit under this
9 section:

10 (1) The board may allow a member to make periodic payments of
11 the contributions required for the purchase of the service credit.
12 The board shall determine the length of the period during which
13 the payments must be made.

14 (2) The board may deny an application for the purchase of service
15 credit if the purchase would exceed the limitations under Section
16 415 of the Internal Revenue Code.

17 (3) A member may not claim the service credit for purposes of
18 determining eligibility or computing benefits unless the member
19 has made all payments required for the purchase of the service
20 credit.

21 SECTION 16. IC 5-10.3-7-5 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) A member who:

23 (1) enters the United States armed services;

24 (2) leaves ~~his~~ **the member's** contributions in the fund;

25 (3) except as provided in subsection (c), resumes service with ~~his~~
26 **the member's** employer within one hundred twenty (120) days
27 after ~~his~~ **the member's** unconditional discharge; and

28 (4) would be entitled to service credit for military service under
29 the Uniformed Services Employment and Reemployment Rights
30 Act (38 U.S.C. 4301 et seq.) if the member had resumed service
31 with the member's employer within ninety (90) days after
32 discharge;

33 is entitled to service credit for the armed service.

34 (b) A state employee who left employment before January 1, 1946,
35 or an employee of a political subdivision who left employment before
36 the participation date, to enter the United States armed services is
37 entitled to service credit for the armed service if ~~he~~ **the employee**:

38 (1) except as provided in subsection (c), resumes service with the

1 employer within one hundred twenty (120) days after ~~his~~ **the**
 2 **employee's** unconditional discharge; and

3 (2) would be entitled to service credit for military service under
 4 the applicable requirements of federal law in effect at the time of
 5 reemployment if the employee had resumed service with the
 6 employee's employer within ninety (90) days after discharge.

7 (c) The board shall extend the one hundred twenty (120) day
 8 reemployment requirement contained in subsection (a)(3) or (b)(1) if
 9 the board determines that an illness, an injury, or a disability related to
 10 the member's military service prevented the member from resuming
 11 employment within one hundred twenty (120) days after the member's
 12 discharge from military service. However, the board may not extend the
 13 deadline beyond thirty (30) months after the member's discharge.

14 (d) If a member retires and the board subsequently determines that
 15 the member is entitled to additional service credit due to the extension
 16 of a deadline under subsection (c), the board shall recompute the
 17 member's benefit. However, the additional service credit may be used
 18 only in the computation of benefits to be paid after the date of the
 19 board's determination, and the member is not entitled to a
 20 recomputation of benefits received before the date of the board's
 21 determination.

22 (e) Notwithstanding any provision of this section, a member is
 23 entitled to service credit and benefits in the amount and to the extent
 24 required by the Uniformed Services Employment and Reemployment
 25 Rights Act (38 U.S.C. 4301 et seq.).

26 (f) Subject to the provisions of this section, an active member may
 27 purchase not more than two (2) years of service credit for the member's
 28 service on active duty in the armed services if the member meets the
 29 following conditions:

30 (1) The member has at least one (1) year of credited service in the
 31 fund.

32 (2) The member serves on active duty in the armed services of the
 33 United States for at least six (6) months.

34 (3) The member receives an honorable discharge from the armed
 35 services.

36 (4) Before the member retires, the member makes contributions
 37 to the fund as follows:

38 (A) Contributions that are equal to the product of the

1 following:

2 (i) The member's salary at the time the member actually
3 makes a contribution for the service credit.

4 (ii) A rate, determined by the actuary of the fund, that is
5 based on the age of the member at the time the member
6 actually makes a contribution for service credit and
7 computed to result in a contribution amount that
8 approximates the actuarial present value of the benefit
9 attributable to the service credit purchased.

10 (iii) The number of years of service credit the member
11 intends to purchase.

12 (B) Contributions for any accrued interest, at a rate determined
13 by the actuary of the fund, for the period from the member's
14 initial membership in the fund to the date payment is made by
15 the member.

16 However, a member is entitled to purchase service credit under this
17 subsection only to the extent that service credit is not granted for that
18 time under another provision of this section. At least **before January**
19 **1, 2011, ten (10) or after December 31, 2010, eight (8)** years of
20 service in Indiana is required before a member may receive a benefit
21 based on service credits purchased under this section. A member who
22 terminates employment before satisfying the eligibility requirements
23 necessary to receive a monthly allowance or receives a monthly
24 allowance for the same service from another tax supported public
25 employee retirement plan other than under the federal Social Security
26 Act may withdraw the purchase amount plus accumulated interest after
27 submitting a properly completed application for a refund to the fund.

28 (g) The following apply to the purchase of service credit under
29 subsection (f):

30 (1) The board may allow a member to make periodic payments of
31 the contributions required for the purchase of the service credit.
32 The board shall determine the length of the period during which
33 the payments must be made.

34 (2) The board may deny an application for the purchase of service
35 credit if the purchase would exceed the limitations under Section
36 415 of the Internal Revenue Code.

37 (3) A member may not claim the service credit for purposes of
38 determining eligibility or computing benefits unless the member

- 1 has made all payments required for the purchase of the service
 - 2 credit."
 - 3 Page 7, delete lines 34 through 35.
 - 4 Page 7, line 36, delete "(c)" and insert "**(b)**".
 - 5 Page 7, line 36, delete "September" and insert "**October**".
 - 6 Page 7, line 37, delete "(d) to:" and insert "**(c) to**".
 - 7 Page 7, line 38, delete "(1)".
 - 8 Page 7, line 38, after "beneficiary of a" insert "**member)**".
 - 9 Page 7, delete lines 39 through 40.
 - 10 Page 7, run in lines 37 through 41.
 - 11 Page 8, line 3, delete "(d)" and insert "**(c)**".
 - 12 Page 8, line 4, delete "or a participant".
 - 13 Page 8, line 5, delete "of the plan".
 - 14 Page 8, line 5, delete "(c)" and insert "**(b)**".
 - 15 Page 8, line 7, delete "or"
 - 16 Page 8, line 8, delete "Participant's".
 - 17 Page 8, line 16, delete "(e)" and insert "**(d)**".
 - 18 Page 8, line 17, delete "or a".
 - 19 Page 8, line 18, delete "participant of the plan".
 - 20 Page 8, line 19, delete ":".
 - 21 Page 8, line 20, delete "(1)".
 - 22 Page 8, line 20, delete "IC 5-10.2-4-4; or" and insert "**IC**
 - 23 **5-10.2-4-4,**".
 - 24 Page 8, delete line 21.
 - 25 Page 8, run in lines 19 through 22.
 - 26 Page 8, line 24, delete "(f)" and insert "**(e)**".
 - 27 Renumber all SECTIONS consecutively.
- (Reference is to HB 1546 as printed February 17, 2009.)

and when so amended that said bill do pass.

Representative Crawford